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TO RUEHC/SECSTATE WASHDC PRIORITY 8702  
INFO RUEHBN/AMCONSUL MELBOURNE PRIORITY 4790  
RUEHPT/AMCONSUL PERTH PRIORITY 3080  
RUEHDN/AMCONSUL SYDNEY PRIORITY 2972  
RHEHNSC/NSC WASHINGTON DC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY

UNCLAS CANBERRA 001741

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SENSITIVE  
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E.O. 12958: N/A

TAGS: [PGOV](#) [AS](#)

SUBJECT: FINAL VOTE COUNT GIVES LABOR NARROWER WIN

REF: CANBERRA 1678

11. (SBU) SUMMARY: With the vote count in several of the most closely contested seats in the November 24 federal election almost complete, it appears the Australian Labor Party (ALP) increased its margin by 24 seats, giving it 84 of the 150 seats in the House of Representatives - a comfortable majority but not as large as some observers had anticipated on election night (reftel). The Liberal-National Party Coalition is likely to hold 64 seats and independents the remaining two seats. Once the pre-poll and postal votes were counted after election day, the Coalition was able to retain seats some thought it had lost and even win an ALP-held seat in Western Australia. Although the Senate count is more difficult to predict, it is likely the composition of the new 76-seat Senate will be 37 for the Coalition, 32 for the ALP, five for the Green Party, one for Family First and one independent. At the next election, the Coalition will need to gain only 11 or 12 seats to win back a majority - at face value an easier task than what Prime Minister Kevin Rudd had faced, but in reality more difficult as first term governments are rarely thrown out in Australia. END SUMMARY.

SEATS STATUS

12. (U) With 93 percent of the vote counted, the ALP is on track to win 84 seats in the House of Representatives, the Coalition 64 and independents two. The ALP won the Victorian seat of McEwen, held by former Tourism Minister Fran Bailey, by just seven votes. The Liberal Party will ask for a recount and if it prevails, the ALP would hold only 83 seats. According to the Australian Electoral Commission, counting for the House is likely to conclude this week. The Senate count, because of its complex proportional voting rules, usually takes longer but most observers believe it will produce a Senate with the Coalition holding 37 seats, the ALP 32, Greens five, Family First one, and one independent. When the new Senate begins sitting in July, the Coalition's majority will end -- but the ALP will need the support of all five Green senators and either the Family First or independent senator to pass legislation if the Coalition opposes it as a block.

NOT AS BAD FOR THE COALITION

13. (U) At the end of election night, some media were reporting a 6.3 percent swing to the ALP and the seat counts of the television stations had the ALP winning as many as 88 seats. Over the next two weeks, however, as absentee, pre-poll and postal votes (up to 20 percent of the total in some electorates) were counted, the Liberal Party took the lead in several seats where it had been trailing. Liberal MPs in the Queensland seats of Dickson, Herbert and Bowman, who were predicted to lose on election night, will almost

certainly hold on. The Liberal Party will also win the suburban Perth seat of Swan, previously held by the ALP's Kim Wilkie. Former Prime Minister John Howard ultimately lost his seat of Bennelong by over 2,000 votes, a little more than two percent of the total vote in the electorate. The latest count gives the ALP 52.85 percent of the two-party preferred vote, and the Coalition 47.15 - a swing of 5.6 percent to the ALP. With the closeness of the final vote, the Coalition only needs a uniform swing of just over two percent at the next federal election to win the 11 or 12 seats required to win back a majority.

#### BUT NOT MUCH SOLACE FOR DIVIDED LIBERALS

14. (SBU) COMMENT: At face value, the Coalition faces an easier task to win government than the ALP did. The ALP needed almost a five percent uniform swing and pick-up of 16 seats. Historically, however, first term governments in Australia are rarely thrown out of office. Additionally, the Liberal Party is plagued by divisions at both the state and federal level. Seeking to reform and strengthen the Party, Federal Leader Brendan Nelson has announced an inquiry into the operation of the party's state branches and the president of the party's organizational wing is being urged to step aside. On the other hand, there is usually some swing against a federal government after its first-term, and the Australian electorate has become more volatile. Knowing that a small shift in sentiment across a dozen or so marginal seats could cost the ALP its governing majority, Rudd will be as determined as ever to hold the political center as he governs.

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